

ELECTRONICALLY FILED

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Counsel for the Official Committee Of
 Equity Security Holders Of USA Capital First Trust Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:	)	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10729-LBR
USA SECURITIES, LLC,	)	Chapter 11
Debtor.)	

Affects

- ☐ All Debtors
☐ USA Commercial Mortgage Co.
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed
☒ USA First Trust Deed Fund, LLC

**SECOND SUPPLEMENTAL DECLARATION OF MATTHEW E. KVARDA IN
 SUPPORT OF APPLICATION FOR ORDER PURSUANT TO 11 U.S.C. §§ 328(a) AND
 1103(a) AND FED. R. BANKR. P. 2014(a) AUTHORIZING THE RETENTION AND
 EMPLOYMENT OF ALVAREZ & MARSAL, LLC AS FINANCIAL AND REAL
 ESTATE ADVISOR TO THE OFFICIAL COMMITTEE OF EQUITY SECURITY
 HOLDERS OF USA CAPITAL FIRST TRUST DEED FUND, LLC NUNC PRO TUNC
TO JUNE 1, 2006 (AFFECTS USA FIRST TRUST DEED FUND, LLC)**

Matthew E. Kvarda, being duly sworn upon his oath, states and affirms as follows:

1. I am over eighteen years of age and have personal knowledge of the facts set forth herein, and if called as a witness, would testify competently with respect thereto from my own personal knowledge except as otherwise states.

2. I am a Managing Director of Alvarez & Marsal, LLC ("A&M"), which maintains offices at 633 West Fifth Street, Suite 2560, Los Angeles, California 90071. Pursuant to its "Order Approving Alvarez & Marsal, LLC Employment Application" entered on June 23, 2006, the Court approved the employment of A&M as financial and real estate advisor to the Official Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "FTDF Committee") in connection with the above-captioned chapter 11 cases (the "Chapter 11 Cases").

3. This supplement to my declaration filed on June 13, 2006 in support of A&M's employment application is made in light of a recent development that A&M believes ought to be disclosed pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure. A&M and I do not believe that the connection disclosed herein creates any conflict of interest for A&M, or that the connection would in any way impede A&M in devoting its full and complete loyalty to the FTDF Committee and to the investors for whom the FTDF Committee is a fiduciary.

4. The new connection is as follows:

a. HMA Sales, LLC, ("HMA") is a debtor in possession in the case number 07-12694 pending in the United States Bankruptcy Court for the District of Nevada. On June 11, 2007, HMA filed the "Ex Parte Application for Order Approving Employment of Alvarez & Marsal Dispute Analysis and Forensic Services, LLC (A&M) As Financial and Litigation Consultant" (the "HMA A&M Application") by which HMA seeks an order from this Court authorizing the retention of Alvarez & Marsal Dispute Analysis and Forensic Services, LLC ("A&M Dispute Analysis") as financial and litigation advisors to HMA in the HMA chapter 11 case. A&M Dispute Analysis is an affiliate of A&M.

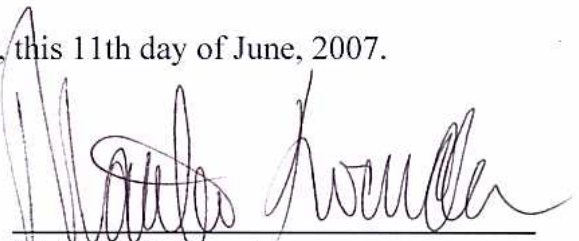
1 b. In connection with this engagement, A&M Dispute Analysis
2 anticipates rendering services involving various financial analyses related to various adversary
3 proceedings in the HMA chapter 11 case. None of the services that A&M Dispute Analysis
4 anticipated rendering in the HMA chapter 11 case relate in any way to the Chapter 11 Cases. To
5 ensure that no conflict arises, A&M employees who have performed services for the FTDF
6 Committee in the Chapter 11 Cases will not have any involvement with the HMA engagement,
7 and no A&M employee who renders services on the HMA engagement will have any
8 involvement with the Chapter 11 Cases.

9 5. I bring this connection to the attention of the Court and parties in interest
10 in the spirit of full disclosure. I continue to believe that A&M's employment in the HMA
11 chapter 11 case will in no way impact any A&M action, decision or thought process in rendering
12 services to the FTDF Committee.

13 I declare under penalty of perjury that the foregoing is true and correct to the best
14 of my knowledge, information and belief
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16 Executed at Los Angeles, California, this 11th day of June, 2007.

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Matthew E. Kvarda